# A Positive Proposal to Improve Our Schools

## James D. Gwartney

Education accounts for approximately one-third of state and local government spending. Perhaps no other item exerts a greater impact on our quality of life and economic future. If students are developing skills, acquiring knowledge, and preparing themselves for life in the modern world, our economic future is bright. On the other hand, declining basic skill levels are a prelude to economic stagnation (Bishop 1989). Thus, success in education is vitally important to every American.

# The Education Record—We Are Spending More; Students Are Learning Less

Americans know that education is important. As a result, they have consistently supported increases in educational spending. Instructional expenditures per pupil in the United States exceed the levels of other industrial nations. In 1985, U.S. expenditures per pupil were 47 percent greater than in West Germany, 66 percent greater than in France and Australia, 74 percent greater than in the United Kingdom, and 83 greater than in Japan. Unfortunately, the basic math and science skills of high school students in each of these countries exceed the level of U.S. high school students. In fact, U.S. high school students not only rank below students in Japan, West Germany, and the United Kingdom, they also rank below their counterparts in Spain, Ireland, and South Korea.<sup>2</sup>

During the past two decades the real expenditures per elementary and secondary pupil in the United States have increased substan-

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<sup>&</sup>lt;sup>1</sup>U.S. Department of Education. Cited in Hood (1990).

<sup>&</sup>lt;sup>2</sup>See United Nations Education, Scientific, and Cultural Organization (1988) and Lapointe, Mead, and Phillips (1989) for data on this topic.

tially. Measured in 1982–84 dollars, per pupil expenditures rose from \$1,704 in 1967 to \$3,501 in 1987, an increase of 105 percent (see Table 1). Because these figures are adjusted for inflation, they indicate that the actual purchasing power per pupil available to schools more than doubled during the 20-year period.

What impact has this vast increase in purchasing power for schooling resources had on student performance? As Table 1 illustrates, the achievement scores of college-bound high school seniors on both the Scholastic Achievement Test (SAT) and the American College Test (ACT) declined during the period. During 1967–80, the average SAT score of college-bound seniors in the United States went from 958 to 890, a 68-point decline. Since 1980, about 20 percent (14 points) of that decline has been regained. However, the SAT performance of high school seniors in the late 1980s remained well below

TABLE 1

REAL EXPENDITURES PER PUPIL ON ELEMENTARY AND SECONDARY SCHOOLING AND THE AVERAGE ACHIEVEMENT SCORES OF COLLEGE-BOUND HIGH SCHOOL SENIORS, 1967–88

	Real Current Expenditures per Pupil (1982–84 dollars)	Average Achievement Score of College- Bound Seniors	
		SAT	ACT
1967	\$1,704	958	
1969	1,896	956	
1970	2,103	948	19.9
1972	2,368	937	
1974	2,448	924	
1976	2,643	903	18.3
1978	2,796	897	18.5
1980	2,757	890	18.5
1982	2,825	893	18.4
1984	3,054	897	18.5
1986	3,427	906	18.8
1987	3,501	906	18.7
1988	3,573	904	18.8
Percent Change:	,		
1970–88	+69.9	-4.6	-5.5

SOURCE: Center for Educational Statistics, Digest of Educational Statistics, 1989, pp. 120, 156. The expenditures are current expenditures per pupil in average daily attendance. The Consumer Price Index (1982–84 = 100) was used to convert the expenditure figures into constant dollars.

the levels of the late 1960s. The ACT scores of college-bound students have followed a similar path. As in the case of the SAT, the performance level of high school seniors on the ACT remains well below the average score achieved in 1970.

Puzzled by the decline in student performance accompanying the educational spending increases of the past two decades, researchers have tried to figure out what we are doing wrong. Many speculated that the schools were simply expanding resources in the wrong areas. According to this view, once the experts figure out the "educational production function" that works best, better results will be achieved.

However, recent research provides little comfort for those who believe that the situation will improve once we get the educational production function right. A monumental survey article by Eric Hanushek (1989) sheds light on this topic. Of 152 studies that examined whether a lower pupil to teacher ratio affected student performance, only 9 percent found a positive impact, while 8 percent found a negative impact. Of 113 studies that examined whether the education level of teachers makes a difference, only 8 (7 percent) found that it did. Less than 30 percent of the studies surveyed by Hanushek found a positive link between teacher experience and student performance. With regard to teacher salaries, only 16 percent of the studies found a positive relationship between higher teacher salaries and student performance, while 84 percent of the studies found that the higher salaries exerted no impact (or a negative impact) on student learning.

These findings imply a weak relationship (at best) between educational expenditures and student performance. Given the current structure of our educational system, increases in educational spending generally fail to improve student performance. Tables 2, 3, an I 4 illustrate this point.

Under our federal system, the primary responsibility for education resides with the states. In recent years, some states have increased educational expenditures much more rapidly than others. Table 2 represents data for both the 10 states that increased real per pupil expenditures by the largest amount during 1970–88 and the 10 states that increased real expenditures by the smallest amounts. In 1970 the average per pupil expenditure levels of these two groups were approximately equal (\$2,354 compared to \$2,303). However, during the subsequent 18 years the two groups followed quite a different course. The first group of 10 states increased expenditures on elementary and secondary education quite rapidly. By 1988 the real per pupil expenditures of this group of 10 states had risen, on average, from \$2,354 to \$5,239, an increase of 122.6 percent. On the other

TABLE 2
THE 10 STATES WITH THE LARGEST (AND SMALLEST)
INCREASE IN REAL EXPENDITURES PER PUPIL, 1970–88

	Per Pupil Expenditures in 1988 Dollars		Percent Increase
Category	1970ª	1988a	
10 States with the			
Largest Increase in Real Expenditures			
Massachusetts	\$2,296 (21)	\$5,466 (6)	138.1
Connecticut	2,689 (10)	6,396 (4)	137.9
New Jersey	2,936 (3)	6,933 (2)	136.1
Nebraska	1,607 (48)	3,600 (37)	124.0
Wyoming	2,470 (17)	5,503 ( 5)	122.8
Alaska	3,302 (2)	7,038 (1)	113.1
Delaware	2,418 (19)	5,138 (8)	112.5
Arizona	1,628 (46)	3,451 (38)	112.0
Maine	2,089 (30)	4,427 (15)	111.9
Virginia	2,107 (29)	4,436 (14)	110.5
Average	\$2,354	<b>\$5,239</b>	122.6
10 States with the Smallest Increase in			
Real Expenditures	40 011 ( <b>F</b> )	+0.010 ( <b>0</b> 0)	20.0
California	\$2,811 ( 5)	\$3,916 (26)	39.3
Utah	1,829 (40)	2,632 (49)	43.9
Idaho	1,918 (33)	2,778 (46)	44.8
Hawaii	2,595 (14)	3,859 (28)	48.7
Iowa	2,714 (8)	4,159 (22)	53.2
South Dakota	2,003 (32)	3,173 (41)	58.4
Arkansas	1,628 (46)	2,618 (50)	60.8
Montana	2,506 (16)	4,061 (24)	62.1
Minnesota	2,692 (9)	4,390 (16)	63.1
Nevada	2,329 (20)	3,800 (30)	63.2
Average	\$2,303	\$3,539	53.7

<sup>a</sup>Number in parentheses indicates the ranking of the state among the 50 states. SOURCE: National Education Association, *Estimates of School Statistics*.

hand, real per pupil expenditures for the second group rose much more slowly—from \$2,303 to \$3,539, an increase of 53.7 percent. By 1988, the per pupil spending of the 10 states that increased spending most rapidly was 48 percent higher than the parallel figure for the 10 states with slower increases in educational expenditures.

What did the states that increased educational expenditures rapidly get for their investment? Tables 3 and 4 shed light on this question. Table 3 presents data on the adjusted graduation rate, the proportion of ninth graders who graduated from high school three years later adjusted for interstate migration. By the 1980s, the per pupil expenditures were substantially higher in the states that increased educational expenditures rapidly. Nonetheless, the graduation rate of the states with the slower growth rate of per pupil educational expenditures was higher in both 1982 and 1987. Between 1982 and 1987, the graduation rate rose slightly more (4.7 percent compared to 3.3 percent) in the high-expenditures states. However, the increase was entirely the result of an exceptionally large increase in the graduation rate in one state (Wyoming). If Wyoming is deleted from the calculation, the increase in the graduation rate for the two state groups is virtually identical.

The graduation rate does not tell us anything about student learning. Achievement scores provide a better measure in this area. Table 4 provides data on SAT and ACT scores (relative to the national average) for the two state groupings. There is no evidence that the achievement scores in the "big educational spending" states are either higher or increased more rapidly in the 1980s. In fact, the average achievement scores in both 1982 and 1988 are slightly higher in the states with the slower growth rate of educational expenditures (and lower spending levels in 1980s). Neither was there any tendency for achievement scores to increase more rapidly in the states that increased per pupil expenditures most rapidly.

In summary, educational research indicates that the rapid growth in real educational spending during the past two decades has been associated with declining levels of student achievement. Changes in student performance achieved by the states that increased educational expenditures the most were not significantly different from the changes in the states that increased expenditures by substantially smaller amounts. Given the current structure of our educational system, there is no reason to believe that higher levels of educational spending will improve student performance.

# Our Schools Are Failing Because The Structure Is Flawed

Why are our schools failing? Economic analysis indicates that they are failing for the same reasons that the socialist economies of Eastern Europe and the Soviet Union are failing. When production is regulated by politicians (and bureaucrats) rather than by competition for

TABLE 3

ADJUSTED GRADUATION RATE IN 1982 AND 1987 FOR THE 10 STATES THAT INCREASED REAL EXPENDITURES PER PUPIL THE MOST DURING 1970–88 COMPARED TO THOSE THAT INCREASED EXPENDITURES PER PUPIL THE LEAST

	Adjusted Graduation R		
Category	1982	1987	Change
10 States with the Largest Increase in Real Expenditures			
Massachusetts Connecticut New Jersey Nebraska Wyoming Alaska Delaware Arizona Maine Virginia	76.4 70.6 76.5 81.9 72.4 64.3 68.2 63.4 70.1	76.5 80.5 77.2 86.7 89.3 66.7 70.1 64.4 79.3 74.0	+ 0.1 + 9.9 + 0.7 + 4.8 + 16.9 + 2.4 + 1.9 + 1.0 + 9.2 + 0.2
Average	71.8	76.5	$+ 4.7 (3.4)^a$
10 States with the Smallest Increase in Real Expenditures			
California Utah Idaho Hawaii Iowa South Dakota Arkansas Montana Minnesota Nevada	60.1 75.0 74.4 74.9 84.1 82.7 73.4 78.7 88.2 64.8	66.1 80.6 78.8 70.8 86.4 79.7 77.5 86.2 90.6 72.1	+ 6.0 + 5.6 + 4.4 - 4.1 + 2.3 - 3.0 + 4.1 + 7.5 + 2.4 + 7.3
Average	75.6	78.9	+ 3.3

<sup>\*</sup>Indicates the average when Wyoming is excluded.

SOURCE: U.S. Department of Education, State Education Performance Chart, 1989.

TABLE 4

SAT (OR ACT) SCORES IN 1982 AND 1988 FOR THE 10 STATES WITH THE LARGEST INCREASE IN REAL PER PUPIL EXPENDITURES DURING 1970–88 COMPARED TO THE SCORES FOR THE 10 STATES WITH THE SMALLEST INCREASES IN EXPENDITURES

	SAT (or ACT) as a Percent of National Average		
Category	1982	1988	Percent Change
10 States with the Largest Increase in Real Expenditures			
Massachusetts <sup>a</sup>	99.4	100.2	+ 0.8
Connecticut <sup>a</sup>	100.3	100.4	+ 0.1
New Jersey	97.3	98.3	+ 1.0
Nebraska	108.2	105.3	- 2.7
Wyoming	104.3	103.7	- 0.6
Alaska	101.6	97.9	- 3.6
Delawarea	100.4	99.4	- 1.0
Arizona	101.6	102.7	+ 1.1
Mainea	99.7	99.1	- 0.6
Virginiaª	99.4	99.8	+ 0.4
Average	101.2	100.7	- 0.5
10 States with the Smallest Increase in Real Expenditures			
California	100.7	100.4	- 0.3
Utah	100.0	100.5	+ 0.5
Idaho	102.7	102.7	0.0
Hawaii <sup>a</sup>	96.0	98.2	+ 2.3
Iowa	110.3	108.0	- 2.1
South Dakota	103.8	105.3	+ 1.4
Arkansas	96.2	95.2	- 1.0
Montana	106.0	105.9	- 0.1
Minnesota	109.8	105.9	- 3.6
Nevada	99.5	101.1	+ 1.6
Average	102.5	102.3	- 0.2

<sup>&</sup>lt;sup>a</sup>Indicates SAT state.

SOURCE: U.S. Department of Education, State Education Performance Chart, 1989.

consumers, producers will spend more time catering to political officials and less time satisfying their customers. Since consumers are unable to shift their business to producers who provide them with "value for the price," suppliers have little incentive to produce efficiently, to innovate, or to figure out better ways of doing things. Simultaneously, since producers are operating in a noncompetitive environment, high costs and a poor-quality product (or service) do not lead to the loss of customers. Inefficient suppliers continue to survive and drain the resources of the economy.

Perhaps a thought experiment will help to explain why the current structure of our educational system does not work. Suppose that the government sought to provide us with a "world-class" restaurant system. The following structure was set up to accomplish this goal. A system of local restaurant districts was established. Taxes were levied to finance the cost of the government-operated restaurants in each district. Citizens were not allowed to patronize public restaurants outside their local district. Of course, snobs were free to choose private restaurants as long as they were willing to pay for the cost of the food twice—once as a taxpayer and again as a customer. If a private restaurant was to survive, it would have to figure out how to attract customers from the tax-financed public restaurants that were giving food away to district residents.

It does not take a genius to figure out that this restaurant system would have major problems. Because the managers of the public restaurants would derive their funds from government, predictably they would spend more time trying to satisfy politicians and less time trying to satisfy customers. The incentive to keep costs low would be weak. After all, higher costs and a lower quality of service would merely highlight the need for additional funding of the public sector restaurants. Since consumers cannot take their funding and go elsewhere, they are in an extremely weak position to discipline the district restaurants that are doing a lousy job. The outcome of this organizational structure is predictable. Compared to the current competitive system, food costs would rise and quality would deteriorate. It would not be long before people would be writing about the "crisis" of America's restaurant system.

Most people recognize that this organizational structure will not work in the restaurant business. Why do we think it will work in education? The structure of the system is flawed. Because public schools do not have to meet the competition of rivals, their costs tend to rise. Lacking freedom of choice, educational consumers are unable to reward producers who supply value at a low cost or to penalize those who do not.

Competition among rival suppliers offering a diversity of products is the foundation of America's prosperity. Producers try harder when they have to compete for consumers. When competition is absent, resources are wasted, costs rise, and quality declines. The provision of education is not an exception to these general propositions.

# A Voucher Plan to Improve the Educational Opportunities of Students from Low- and Middle-Income Families

Those who are serious about improving the quality of our schools should seek to promote parental choice and competition among schools. An educational voucher system is the easiest method of accomplishing this objective. The concept of an educational voucher system is really quite simple. Rather than providing aid directly to public schools, the government would provide parents with an educational voucher redeemable at any school, either public or private. Empowered with both purchasing power and choice, parents would choose the best school for their children. In some cases, this would be a private school or a public school outside one's current school district.

Under a voucher plan, schools would compete for students, and parents would be free to choose among schools. The best schools—those providing quality education at an economical cost—would thrive and expand. The demand for outstanding teachers would increase, which would add prestige to the teaching profession and help attract quality people into the profession. Competition among schools would encourage innovative ideas and the discovery of more effective teaching techniques. And perhaps even more important, the lousy schools would either change their ways or be driven from the market.

In the past, two major objections have been raised by the opponents of educational vouchers. First, some have opposed the idea because they believed that high-income families would reap the major benefits from the vouchers, at least initially. After all, those with high incomes are overrepresented among families currently sending their children to private schools. The voucher plan would shift this cost to the taxpayer, perhaps to the detriment of educational funding for students from low- and middle-income families. Second, others have expressed a fear that a voucher plan would increase the racial imbalance among schools.

#### Overcoming the Objections to Educational Vouchers

A voucher plan directed toward low- and middle-income families would overcome the objections raised against vouchers. Consider

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the following plan. Suppose that low-income families, say those with annual adjusted gross incomes of less than \$15,000, were given vouchers of \$4,500 per student (approximately the current level of operating expenses per student in the United States) redeemable at any public or private school.<sup>3</sup> Similarly, suppose middle-income families were given vouchers worth \$4,500 per student minus \$150 for every \$1,000 of family income above \$15,000. As Table 5 shows, the educational voucher would be worth \$3,750 for families with an adjusted gross income of \$20,000; \$2,250 for those with an income of \$30,000; and \$750 for those with a family income of \$40,000. The value of the educational voucher would be completely phased out for family income levels of \$45,000 and above.

This voucher plan would enhance the educational opportunities available to children of low- and middle-income families without providing a windfall gain to high-income families who send their children to private schools. In addition, the plan would actually promote racial and economic balance among schools. Since blacks and other minorities are overrepresented among the low-income families receiving the highest valued vouchers, those groups would also be overrepresented among families shifting to private schools

TABLE 5
Value of the Proposed Voucher as Family Income
Increases

Adjusted Gross Income	Value of Voucher <sup>a</sup>
\$0-15,000	\$4,500
20,000	3,750
25,000	3,000
30,000	2,250
35,000	1,500
40,000	750
45,000 and above	0

<sup>&</sup>lt;sup>a</sup>For families with an income of less than \$15,000, the value of the proposed voucher is equal to \$4,500 per student. For families with incomes between \$15,000 and \$45,000, the value of the voucher would be equal to \$4,500 minus \$150 per \$1,000 of income above \$15,000. Thus, the value of the voucher declines to zero at \$45,000 of income.

<sup>&</sup>lt;sup>3</sup>In the United States, educational policy is a responsibility of the individual states. Since the per pupil expenditures vary by state, the maximum value of the voucher would differ among states. Thus, the dollar figures suggested here are designed merely to illustrate the concept.

(and high-quality public schools outside their district).<sup>4</sup> More generally, the representation of children from families with modest incomes would increase among private and elite public schools.

In essence this plan would make educational choice meaningful for low- and middle-income Americans. Currently, the rich use their purchasing power to choose schools that improve the quality of education available to their children. If given the opportunity, low- and middle-income families will do likewise.

The plan would promote competition among schools—a vital ingredient that is largely absent within the current system. If allowed to compete on something approximating a level playing field, private schools and quality public schools will prosper, expand, and improve the quality of education in the United States.<sup>5</sup>

The voucher plan would also promote diversity and allow a larger number of Americans to choose and receive the type of schooling that they really want. Some parents would choose a highly structured school; others would prefer the open-school concept. Some would select a school that stresses religious values; others would opt for secularism in education. Some would choose a school with a tradi-

<sup>4</sup>One of the strongest proponents of educational vouchers for low-income families is state representative Polly Williams of Wisconsin. Rep. Williams, who was the state chairman of Jesse Jackson's 1984 and 1988 presidential campaigns, recognizes that vouchers would empower low-income blacks and provide them with an alternative to public schools that are failing to meet their needs. Wisconsin recently adopted a bill sponsored by Williams providing educational vouchers for low-income families.

<sup>5</sup>Some people worry that student learning at schools receiving vouchers would be low either because parents make poor choices or because the schools would make things easy to attract students. Administration of standardized basic skills tests (which the state already administers) at several grade levels and publication of the results by school would resolve this problem. Publication of test results by school should include not only performance at current grade level, but also the student's prior achievement scores at the previous grade level at which the standardized test was administered. These data would provide parents with information on the *change* in achievement level of students attending specific schools. No doubt, some schools would specialize in the provision of accelerated programs or programs designated for disadvantaged students.

The standardized test results by school should be published in a form that would make it easy for parents to determine (and for schools to communicate) the effectiveness of schools for various groups of students, including both gifted students and those with a *prtor* record of low-level performance. The vouchers could be limited to elementary and secondary schools willing to participate in the standardized testing program at three or four grade levels. However, other than publication of average basic skill levels achieved by students, state regulation of schools—including local public schools—should be minimal. Publication of the standardized test results in this form would provide parents with better information concerning the quality of schools than they currently are able to obtain. Armed with this information, parents would have both the incentive and resources needed to make wise choices.

tional college prep program, while others would support schools that provide technical and vocational training. Under a system of parental choice, each of these diverse preferences could be satisfied. In effect, an educational voucher system provides proportional representation; it permits members of each group to vote for and receive their preferred type of education. This characteristic is one of the voucher system's most admirable attributes.

In contrast, the public school curriculum tends toward a homogeneous level that fits only the middle spectrum of students. This homogeneity is a major defect. People are different. There is not one best school, or best automobile, or best television program that fits everybody. Some students will do better in one educational environment, while others will flourish in a very different setting. We do not all choose the same church or civic organizations. Why in the world would anyone think that we would all prefer the same type of school?

How much would this voucher plan cost? Interestingly, it would not add much to current expenditure levels. When children from low-income families shift from public to private schools, the cost of the voucher is offset by lower public-school expenditures resulting from a reduction in the number of students in public schools. When middle-income children shift, the cost of the voucher is less than the savings resulting from lower in-district enrollments in the public schools. For upper middle-income families, the cost of providing the voucher is substantially less than the savings resulting from in-district enrollment reductions. For families with incomes above \$15,000, switches to a more preferred school actually reduce public-sector educational expenditures.

Of course, some low- and middle-income families already send their children to private schools. Providing vouchers to these families will increase public-sector expenditures. However, this fact raises an interesting question: Do we really want to force these modest income families to pay for education twice? The current system discriminates against these families. It forces them to pay for education once as a taxpayer and again in the form of a tuition payment—merely because they care deeply about the quality of the school that their child attends. This double payment is an injustice that needs to be corrected. The proposed voucher plan would do so.

It is time to quit protecting the public school's monopoly and to begin allowing private schools to compete for students on a level playing field. Studies indicate that private schools provide their students with a quality education at a fraction of the public-school expenditure levels. In fact, the most comprehensive study in this area, conducted by James Coleman of the University of Chicago found that the verbal and mathematical skills of high school students in private schools (mostly Catholic) *increased* 50 percent more than the skills of similar students in public schools. According to Coleman (1989; also see Coleman and Hoffer 1987), the basic skills of private-school students increased three grade equivalents between the tenth and twelfth grades, compared to the two grade equivalents of similar public school students. Coleman believes that the "community environment" and improved relations between parents and school administrators in private schools explains their greater effectiveness relative to the typical public school.

Should parents desiring to send their children to a school operated by a religious institution be eligible for the vouchers? Absolutely. Why would we want to discriminate against a parent and that parent's child because of their religious preferences? The U.S. Constitution protects the free exercise of religion. Surely the free exercise of religion includes the right to choose a school that reinforces the religious values of one's home. The GI Bill's treatment of educational benefits provides an example of nondiscriminatory treatment across schools. Persons attending college at both secular public and private schools and religious-affiliated schools were eligible for educational benefits under the GI Bill. The same principle should be applied here. Given choice, some will choose schools with a religious emphasis (including Protestant, Catholic, Jewish, and Moslem schools). Others will choose completely secular schools. Secularism and religious views would be treated equally. One of the marvelous attributes of a free-choice system is that it would allow both the religious and nonreligious to choose and receive the type of school that they prefer.

### Voucher Plans and the Status of Educators

Educational administrators and leaders of teachers' unions have often been at the forefront of those opposed to parental choice and educational vouchers. In some respects their opposition is understandable. Parental choice erodes the monopoly power of the public schools and those who administer them. Competition replaces politics as the regulator of educational quality. Compared to the current system, the demand for administrators and teachers who are unable to deliver a quality product will decline.

However, that is only part of the story—the demand for highquality teachers and administrators will increase. Competition among schools also means competition for the services of first-rate teachers and innovative administrators who are capable of attracting students. In contrast to the salaries of low-quality educators, the salaries of outstanding teachers and administrators would rise under a choice system. Similarly, the respect and prestige of professional educators would be enhanced.

It is also important to recognize that the diversity accompanying choice will also expand the opportunities available to teachers. With choice, it will be easier for teachers to obtain employment at a school with an educational program consistent with their own views. Some teachers will prefer teaching in an open-school environment, while others will feel more comfortable in a highly structured setting. Some teachers will consider only secular schools, while others will be attracted to schools with a religious affiliation. Choice will broaden the options available to teachers, as well as to students. Thus, it will improve the fit between the availability of positions and the types of jobs preferred by teachers.

## Conclusion

President Bush and the nation's governors recently outlined a set of goals for a "world-class" education system. While goals are fine, we must not lose sight of the difference between "goals" and "achievement." Our current problem is not the absence of goals; rather it is the absence of a sensible plan to achieve the goals.

The current education effort is yielding a scandalously low return because the organizational structure of our educational system is unsound. Without structural change, the experience of recent decades indicates that additional spending is unlikely to improve the quality of education. More money will not solve the problem. Fundamental reform—providing for parental choice, competition, and greater flexibility—is needed. Let's get on with the job before we ruin another generation of young Americans.

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